



Washington, D.C. 20520

November 16, 1983

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TO: INR/EC - Mr. Ralph E. Lindstrom

FROM: ARA/CAR - Richard H. Morefield *RM*

SUBJECT: Bauxite Supply Availability from Guyana

REF: Your Memorandum of November 9, 1983

Please find below our response to your questions raised in the referenced memorandum regarding Guyana.

1. Would the Government of Guyana withhold bauxite and alumina shipments in wartime?

The current Government of Guyana, professedly socialist, nationalized the former American and Canadian holdings of Guyanese bauxite shortly after independence. Guyana is the United States' principal source of calcined bauxite, used for the manufacture of heat resistant materials of furnace linings for the production of steel. While the current Guyanese Government maintains friendly relations with Cuba and the Soviet Union and its East European allies, and while relations with the United States have fluctuated and are now at a low point, we would expect the current government to adopt a pragmatic approach, especially as the United States could interdict Guyana's major non-bauxite exports (sugar, rice, and wood products). In addition, wartime conditions would be likely to preclude continued importation of necessary products from non-Western Hemisphere suppliers, a consideration which would not be lost on any Guyanese government. We would therefore anticipate the current Guyanese Government's continued cooperation in the export of bauxite to the United States in wartime, although we would expect that government to use whatever leverage it possessed to assure high prices and the supply of vital import needs. The principal opposition parties in Guyana are ideologically to the left of the current government and one, the Peoples' Progressive Party (PPP), has openly admitted its close ties with the Soviet Union. Were the PPP to be in power during a war situation such as that hypothesized, it is possible that it would attempt to embargo the export of strategic materials to the United States. It would quickly confront serious economic difficulties, however, and it would be unlikely to be able to retain power for any significant period while obstructing traditional export and import patterns.

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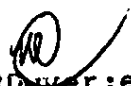
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2. Would civil unrest, sabotage, etc. disrupt production of exports during wartime?

Guyana's bauxite production and export facilities are relatively isolated and access to them subject to fairly easily imposed controls. Sabotage by groups with ideological and party ties to the Soviet Union and Cuba would be a possibility, but probably could not be mounted on a scale sufficient to seriously impair production or export, particularly as wartime production would be likely to create prosperity for the producing communities and sabotage would thus face popular opposition. Production, of course, would continue to be dependent upon supplies of fuel, spare parts, and equipment from abroad.

3. Interruption of routes through third countries?

Because of the shifting sand/mud bars of the Guyana current off the northeast coast of South America, the tonnage of ships serving Guyana is severely limited, and, as a consequence, some Guyanese production is transhipped through a Trinidad port. We would expect the Government of Trinidad and Tobago to cooperate fully in wartime conditions with the continued shipment of Guyanese bauxite to the United States.


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November 14, 1983

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TO: INR/EC/CDC - Fred Shoup
FROM: ARA/CAR - Richard Morefield
SUBJECT: Request for Information - Mineral Supply Availability

The following responds to your memo of November 9 which requested information concerning the reliability of Suriname as a supplier of bauxite.

Although remotely possible, we do not believe it likely that the Government of Suriname would withhold bauxite from the United States in time of war. Bauxite provides the major source of government revenue to the Government of Suriname and the United States is Suriname's largest consumer of Suriname's bauxite exports. Suriname could consider withholding bauxite from the United States only in the event it is able to find an alternative buyer, which is not likely given the currently soft international market for bauxite. Even during 1982/83 when U.S. - Surinamese bilateral relations were strained as a result of political problems, the Government of Suriname made no effort to interfere with bauxite exports or with U.S. - owned firms involved in the extraction of bauxite. Civil unrest, insurgency or sabotage which could cause mechanical problems, such as loss of power, and/or an exodus of managerial staff involved in bauxite extraction, could disrupt Suriname's production or export of bauxite during war time. Bauxite exports are sent by ship from Suriname and need not transmit non-producer countries.

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